United States Department of Agriculture

Foreign Agricultural Service

FACT SHEET

U.S.-Panama Trade Promotion Agreement
Montana Farmers Will Benefit

September 2008

The U.S.-Panama Trade Promotion Agreement eliminates tariffs and other barriers on most U.S. goods, increasing export opportunities for agricultural products important to Montana. With immediate elimination of duties on over 60 percent of current U.S. trade, this agreement changes the one-way street of duty-free access currently enjoyed by most Panamanian exports into a two-way street benefiting both countries. The American Farm Bureau strongly supports the agreement, predicting widespread gains for U.S. agriculture exceeding $190 million per year.

Montana's exports to all countries, estimated at $723 million in 2007, supported about 7,000 jobs on and off the farm. These export sales make an important contribution to the Montana farm economy which had total cash receipts of $2.3 billion in 2006.

Beef. Montana's cattle and calf industry provided the state with $1.1 billion in farm cash receipts in 2006, 48 percent of the state's total. Cattlemen will benefit from this agreement.

- Panama will immediately eliminate its 30-percent duty on beef products of most importance to the U.S. beef industry--prime and choice cuts. Panama's tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariffs on other edible offal will be eliminated immediately.
- Panama has already implemented our December 2006 bilateral agreement on sanitary and phytosanitary measures, reopening its market to U.S. beef by bringing its import requirements related to BSE into compliance with international standards.
- Panama also accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Wheat. Montana is the nation's fourth largest exporter of wheat and products, and earnings from wheat farming are the state's second largest source of farm cash receipts ($688 million in 2006). Wheat growers will benefit from this agreement.

- Panama's current zero-tariff treatment for wheat will be locked in place immediately upon implementation of the Agreement.
- The 10-percent tariff on wheat flour will be eliminated within 12 years.

Barley. Barley ranks as the third largest source of farm cash receipts with earnings of $97 million in 2006. Barley growers will benefit from this agreement.

- Panama's current zero-tariff treatment for barley and barley malt will be locked in place immediately upon implementation of the Agreement.

Vegetables. The state's fresh and processed vegetable exports were estimated at $54 million in 2007. Montana's potato and pulses farmers stand to benefit from this agreement.

- Panama will eliminate its tariffs on nearly all frozen and processed vegetables immediately. The tariff faced by U.S. exporters for these products currently is 15 percent.
- The tariffs for most fresh vegetables will be eliminated in 10-15 years.
- Panama will provide immediate duty-free access within a preferential tariff-rate quota (TRQ) for frozen precooked French fries that starts at 3,640 tons and grows each year by 4 percent. The 20-percent over-quota tariff will be eliminated in 5 years.
- Panama will eliminate its 15-percent tariff on potato chips immediately and the tariffs on potato flakes (15 percent) and other potato preparations (as high as 54 percent) will be phased out in 5 to 10 years. Panama will also establish a 765-ton duty-free preferential TRQ for fresh potatoes that will grow each year by 2 percent.
- Panama will eliminate its 15 percent tariffs on lentils and most dried beans immediately. For Kidney beans, Panama will provide immediate duty-free access within a preferential TRQ that starts at 795 tons and grows each year by 6 percent. The 15-percent over-quota tariff will be phased out in 12 years.